

Message Text

LIMITED OFFICIAL USE

PAGE 01 TAIPEI 05810 170920Z

20

ACTION EA-14

INFO OCT-01 ISO-00 SP-03 AID-07 EB-05 NSC-04 RSC-01

CIEP-01 TRSE-00 SS-20 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-01 OPIC-01 LAB-02

SIL-01 L-03 H-01 PM-03 DODE-00 PA-02 USIA-12 PRS-01

DRC-01 /104 W

----- 038457

R 170830Z SEP 74

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 2969

INFO USLO PEKING

AMCONSUL HONG KONG

AMEMBASSY TOKYO

LIMITED OFFICIAL USE TAIPEI 5810

E.O. 11652: NA

TAGS: EGEN, PFOR, PGOV, TW

SUBJ: CCK'S ADMINISTRATIVE REPORT

1. SUMMARY. PREMIER CHIANG'S ORAL SEMI-ANNUAL ADMINISTRATIVE REPORT TO THE LEGISLATIVE YUAN SEPTEMBER 17 EMPHASIZED ECONOMICS. ONLY SIGNIFICANT POINTS NOTED IN HIS SPEECH TO A SMALLER AND LESS ENTHUSIASTIC LEGISLATIVE YUAN AUDIENCE THAN IN THE PAST WERE HIS STATEMENT THAT THE NT WILL NOT BE DEVALUED AND INTEREST RATES WOULD BE LOWER. MANY OF HIS ECONOMIC COMMENTS APPEARED TO BE DEFENSIVE RESPONSES TO RECENT CRITICISM. WHEN A COMPLETE TEXT OF HIS REMARKS IS AVAILABLE, EMBASSY WILL MAKE ADDITIONAL COMMENTS IF APPROPRIATE. END SUMMARY.

2. PREMIER CHIANG CHING-KUO MADE HIS SEMI-ANNUAL ADMINISTRATIVE REPORT TO LEGISLATIVE YUAN (LY) ON LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TAIPEI 05810 170920Z

SEPTEMBER 17. TRUE TO PATTERN THAT HAS DEVELOPED

SINCE 1972, WE ALREADY HAVE THREE VERSIONS: WRITTEN REPORT, WRITTEN VERSION OF ORAL REPORT; AND SPEECH AS ACTUALLY DELIVERED. ATTENDANCE APPEARED TO BE ONE-HALF OF LY MEMBERSHIP AND AUDIENCE RESPONSE WAS LESS ENTHUSIASTIC THAN IN PAST.

3. EMBASSY OFFICERS ATTENDING MEETING NOTED BULK OF HIS MOSTLY EXTEMPORANEOUS ORAL PRESENTATION WAS DEVOTED TO ECONOMIC AFFAIRS, FOLLOWING RITUALISTIC REMARKS REGARDING INEVITABLE COLLAPSE OF PRC AND VICTORY OF THE ROC. FOREIGN RELATIONS GENERALLY RECEIVED BRIEFER MENTION THAN DID ECONOMIC SITUATION.

4. MOST IMPORTANT COMMENTS WERE THAT GROC WILL NOT CHANGE NT DOLLAR EXCHANGE RATE AND INTEREST RATES PROBABLY WILL BE LOWERED. CCK RESPONDED TO RECENT CRITICISM OF TEN MAJOR CONSTRUCTIONS PROJECTS BY SAYING HE UNDERSTOOD CONCERNS ALREADY VOICED BUT EMPHASIZING PROJECTS WILL BE COMPLETED. IN A SECTION SEEMINGLY DESIGNED TO COUNTER RECENT GRUMBLING ABOUT ECONOMIC PROBLEMS, HE EMPHASIZED GBROC'S HIGH ECONOMIC GROWTH RATE, COMPARING IT FAVORABLY TO US AND JAPAN, AND RELATIVE PRICE STABILITY, MAKING LENGTHY COMPARISONS TO MOST OTHER COUNTRIES IN EAST ASIA. NOTING THAT CURRENT TRADE DEFICIT IS APPROXIMATELY US\$700 MILLION, HE DID NOT PREDICT WHAT WOULD HAPPEN IN NEXT FEW MONTHS BUT POINTED OUT THAT DEFICIT WAS DUE MAINLY TO HIGH PRICE OF PETROLEUM AND STOCKPILING OF COMMODITIES. HE ALSO NOTED THERE HAD BEEN NO SIGNIFICANT DECREASE IN ROC'S FOREIGN EXCHANGE RESERVES.

5. UNDER FOREIGN RELATIONS, CCK REITERATED WELL KNOWN GROC FOREIGN POLICY PRINCIPLES: MAINTAIN BILATERAL RELATIONS WITH OTHER COUNTRIES ("ESPECIALLY THE US"); STRENGTHEN TIES--ESPECIALLY ECONOMIC AND TRADE--WITH AS MANY COUNTRIES AS POSSIBLE; REMAIN IN THE DEMOCRATIC CAMP; AND NEVER ESTABLISH CONTACT WITH THE COMMUNIST NATIONS. ONLY REFERENCES TO US OTHER THAN THE PASSING COMMENT ABOVE WERE COMPARISONS IN ECONOMIC SECTION OF HIS SPEECH.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TAIPEI 05810 170920Z

YM CCK AGAIN STATED GROC WILL NOT HOLD TALKS WITH PRC SAYING "TALKING WITH CHINESE COMMUNISTS IS TANTAMOUNT TO COMMITTING SUICIDE AND REACHING A COMPROMISE WITH THEM IS TANTAMOUNT TO SELF-DESTRUCTION". ONLY XREFERENCE TO RECENT SETBACKS IN INTERNATIONAL RELATIONS WAS TO RELATE STORY OF RECENT UNNAMED FOREIGN VISITOR TO TAIWAN WHO TOLD HIM HIS GOVERNMENT WANTED TO

RECOGNIZE PEKING BECAUSE IT IS BECOMING A "TREND."
CCK SAID HE REPLIED THERE IS A "COUNTER TREND."

7. OUR INITIAL OBSERVATION IS THAT CCK HAD LITTLE OF
SIGNIFICANCE TO SAY. THE UNINSPIRING ECONOMIC AND
POLITICAL DEVELOPMENTS OF THE LAST SIX MONTHS LEFT
HIM WITH LITTLE OPPORTUNITY FOR CROWD PLEASING OR
OPTIMISTIC ORATORY. ON HIS MAIN TOPIC, ECONOMICS,
HE APPEARED RELATIVELY DEFENSIVE
RESPONDING TO RECENT CRITICISM AND DAMPENING RECENT
RUMORS. FIRM REJECTION OF NT DOLLAR DEVALUATION AT
THIS TIME FOLLOWS LINE HE AND OTHER GOVERNMENT SPOKESMEN
HAVE TAKEN PREVIOUSLY: PRICE STABILITY HAS FIRST PRIORITY,
THEREFORE DEVALUATION IS REJECTED AS AN INFLATIONARY
MEASURE AND A FEW MONTHS OF TRADE DEFICIT IS INSUFFICIENT
BASIS FOR DEVALUATION. REDUCTION IN INTEREST RATES
HAS BEEN EXPECTED SINCE MID-SUMMER AND PROBABLY WILL
BE VERY GRADUAL AT FIRST.

8. WHEN WRITTEN TEXTS ARE AVAILABLE, EMBASSY WILL MAKE
ADDITIONAL COMMENTS IF APPROPRIATE.
UNGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESIDENT, ECONOMIC CONDITIONS, FOREIGN RELATIONS, SEMIANNUAL REPORTS, YUAN, SPEECHES, CENTRAL LEGISLATURE, INTEREST RATES, PUBLIC ATTITUDES, DEVALUATIONS, CURRENCIES
Control Number: n/a
Copy: SINGLE
Draft Date: 17 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TAIPEI05810
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740260-0580
From: TAIPEI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740937/aaaabfmi.tel
Line Count: 137
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUL 2002 by kelleyw0>; APPROVED <07 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CCK'S ADMINISTRATIVE REPORT
TAGS: EGEN, PFOR, PGOV, TW, (CHIANG KAI-SHEK)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005